



Revisiting Uncompensated Health Care Expenses A Report

Executive Summary

Methodology

In late December 2002, the National Association of Counties sent a questionnaire on uncompensated health care costs to 205 counties. The survey was sent to county officials who are members of NACO's Large Urban County Caucus (LUCC), 57 other counties with populations above 500,000, and to the members of NACO's Health Steering Committee, all of which assist with formulating policy. Responses were received from 49 counties in 24 states for a response rate of 24 percent. Some answers may not equal 100 percent because some counties were unable to provide answers to all questions.

Responding counties by population

Below 50,000	0
50,000 – 99,999	9
100,000-249,999	9
250,000-499,999	7
500,000-999,999	15
1,000,000+	9

Respondents by State

State	Total
Alabama	1
Alaska	1
Arizona	2
California	8
Florida	5
Georgia	1
Illinois	1
Kansas	1
Kentucky	1
Maryland	1
Minnesota	2

Missouri	1
Nebraska	1
New Hampshire	1
New Mexico	1
New York	2
North Carolina	4
Oklahoma	1
Oregon	2
Pennsylvania	1
Texas	6
Utah	1
Washington	3
Wisconsin	1
TOTAL	49

Responsibility for Financing Uncompensated Health Care

The respondents were asked if their counties were responsible for financing the costs of uncompensated health care expenses. Thirty of the responding governments indicated that they had this responsibility and 18 indicated that they did not. All 9 responding counties with populations of 1 million or more report that they have responsibility for financing these uncompensated costs. Of the 30 counties that have this responsibility, 100% report increases in the amount paid by the county during the last two years.

Of the 30 counties reporting increases, 63 percent report increases between 5 and 25 percent and 23 percent report increases between 25 and 50 percent during the preceding two year period. Fifteen of the 18 counties reporting increases of 5 to 25 percent have populations above 500,000 and 88 percent of counties above 1 million population report this same level of increase. Since the sizes of the responding governments vary, counties were asked to estimate a dollar figure for the increases that they have experienced during the last two years. Of the 30 counties reporting increases, 17, or 56 percent, reported increases of more than \$1 million, with 9 of these counties reporting increases exceeding \$5 million. Of the 9 counties with populations above 1 million, 7 report increases of more than 5 million.

Factors Creating the Increase

Counties that have experienced an increase were asked if recent immigration, both legal and illegal, into their counties had been a factor in the increase in uncompensated health care costs. Sixteen or 53 percent said yes it was a factor.

Counties were also asked which of a list of types of people had contributed to the increase.

The number one answer was “the uninsured”. Many people who work every day have no health insurance and, according to this result, are one of the major causes of

uncompensated health care costs increases. One hundred percent of counties above 1 million and 80 percent of the counties between 500,000 and 1 million also cite the uninsured as a major cause of increased costs. More than 61 percent of all responding counties indicate uninsured people have increased the costs of health care services.

The second highest ranked group that has contributed to the increased costs is the unemployed, with 53 percent of all responding counties indicating they are a factor. Eighty-eight percent of the counties above 1 million population and 66 percent of the counties between 500,000 and 1 million indicated that the unemployed are a major contributing factor in the growing costs. Underinsured individuals make up the next highest contributing group with 26 of the respondents saying this group is a major contributing factor. Former TANF recipients are the lowest rated contributing factor on our list with only 13 governments indicating that they have increased the cost to counties.

When asked to give factors that have contributed to the increase in uncompensated health care costs, the respondents indicated that the number one factor was decreasing employer insurance coverage, with 25 counties (83 percent of these reporting increased costs) indicating this reason. The second major factor was lack of prescription coverage (20 counties or 67 percent), followed by cutbacks in state funding (19 counties or 63 percent) and private sector steering of underinsured or uninsured patients to public hospitals (15 counties or 50 percent).

Financing the Increased Costs

Counties indicate that the chief method of financing the increasing costs of uncompensated health care is using county general funds. Eighty percent of the counties reporting increases are using these funds to finance the shortfalls, while 37 percent are using county designated funds. Only 30 percent report using state funds to finance these increases.

Fifty three percent of the counties reporting increases indicate that they are funding these increases by reallocating funds from other line items and areas of government. Less than 17 percent report that they are using contingency funds to offset these higher costs.

Counties indicated that they have experienced decreases in some of the funding sources for financing uncompensated health care expenses during the last two years. Fourteen counties (28 percent of all responding counties) report cuts in State Medicaid funds, followed by 26 percent that report cuts in Federal DSH funds and 24 percent who report cuts in State DSH funds. Twenty percent of all responding counties also report decreases in the amount of funding received from county general funds.

Will Increases Continue?

Thirty four of the 49 responding counties (69 percent) estimate that they will have uncompensated health care expenses in FY2003 ranging from \$10,000 up to \$5 million.

Five of the nine counties with populations of 1 million or more expect uncompensated health care costs to run between \$1 million and \$5 million in FY 2003 and the other 4 counties in this range anticipate costs of \$750,000 to \$1 million. One third of the counties in the 500,000 to 1 million population range anticipate uncompensated costs of \$750,000 to 1 million and 26 percent of the counties in this range anticipate costs up to \$500,000.

Providing Health Care Services to the Uninsured

Many of the responding counties (49 percent) provide health care services to the uninsured through county run health care clinics; while some others use privately run health care clinics (26 percent). Others use contracts with private hospitals (24 percent) while 11 counties (22 percent) report having county run public hospitals. Ninety one percent of the counties with public hospitals have populations above 500,000, and 71 percent of the counties that operate public health clinics are in that same population group. A large percentage of the counties in that same population group operate all of the types of facilities, including 8 counties that contract with private hospitals and 9 counties that have privately run health care clinics.

What Services are Creating the Increases?

Counties were asked to rank the services they provide that have experienced the greatest demand for uncompensated care in the last five years. Sixteen of the governments (37 percent) ranked the treatment of routine health issues in an Emergency Room setting as the number one uncompensated service. Interestingly, prescription drugs were ranked as number 2 (8 counties) and number 3 (6 counties) by the most counties and were also ranked number 1 by 4 counties. Delivery and obstetrics (4 counties) ranked at 4 and prenatal care (5 counties) ranked at 5, rounded out the top five rankings of services that increased uncompensated costs.

In total, 23 counties (47 percent) ranked both treatment of routine health issues and prescription drugs in the top five services that have increased the uncompensated health care costs to their counties.

Emergency Room Usage

Counties were asked to estimate what percentage of the services provided in public emergency rooms and trauma centers was non emergency. Eleven of the 25 counties that responded to this question indicate that from 20 to 50 percent of the services in these

centers is non emergency. Six counties report that 10 to 20 percent of the service provision was non emergency and 2 reported that more than 75 percent of the services in these facilities were non emergency. Only 1 county with a population above 1 million responded to this question, indicating that many do not have the record keeping in place to measure this usage.



National Association of Counties Uncompensated Health Care Expenses Questionnaire

County_____ State_____

Name of contact person_____

Address_____

Phone_____ Fax_____ E-mail_____

This survey is being conducted by the National Association of Counties to gather information that will be used to determine the needs of counties. An online survey can be completed by going to <http://www.naco.org/surveys/healthcare/index.cfm>. This information will be used as we work with the Federal Government to develop special programs to assist counties with healthcare delivery. **If you are not the correct person to complete this survey could you pass it to the proper person?** A report of survey results will be compiled and posted on the NACo website. Thank you in advance for your cooperation with this effort.

1. Is your county responsible for financing uncompensated health care expenses?
Yes __61%__(1)
No __37%__(2)
2. Have the uncompensated health care expenses paid by your county increased in the last two fiscal years?
Yes __61%__(3)
No __18%__(4)
3. What is your estimate of the percentage increase in uncompensated health care costs over the last two fiscal years?
Less than 5 % __16%__(5)
5% to 25% __63%__(6)
25% to 50% __23%__(7)
50% to 100% __0%__(8)
100% to 200% __0%__(9)
Other (Please specify) __0%__(10)

4. What is your estimate of the amount of increase in uncompensated health care costs in the last two fiscal years in actual dollars?

Less than \$10,000 ___3%_(11)
\$10,000 to \$50,000 ___67%_(12)
\$50,000 to \$100,000 ___10%_(13)
\$100,000 to \$250,000 ___7%_(14)
\$250,000 to \$500,000 ___7%_(15)
\$500,000 to \$750,000 ___0%_(16)
\$750,000 to \$1 million ___10%_(17)
\$1 million to \$5 million ___27%_(18)
More than \$5 million ___30%_(19)

5. Has recent immigration to your county been a contributing factor to this increase?

Yes ___53%_(20)
No ___30%_(21)
Don't know ___(22)

6. Who are the people creating this increase? (*Check all that apply*)

Former TANF participants ___43%_(23)
Uninsured workers ___100%_(24)
Under insured workers ___86%_(25)
Unemployed ___93%_(26)
No increase ___1%_(27)
Other _____(28)

7. To your knowledge, have any of the following contributed to the increase ? (*Check any that apply*)

Decrease in Medicaid ___30%_(29)
Lack of prescription coverage ___67%_(30)
Decrease in S-Chip funds ___6%_(31)
Decrease in disproportionate Share hospital funding ___43%_(32)
Decrease in employer insurance coverage ___83%_(33)
Decrease in physician Medicare reimbursements ___27%_(34)
Cutbacks in state funding ___63%_(35)
Private sector steering of underinsured or uninsured patients to public hospitals ___50%_(36)

8. How has your county financed this health care cost increase? (*Check all that apply*)

Federal funds ___13%_(37)
State funds ___30%_(38)
County designated funds ___37%_(39)
County general funds ___80%_(40)
Special tax assessments ___6%_(41)

9. If county funds are being used to finance these increased costs, are these funds being diverted from other county programs?

Yes, being reallocated from other line items __53%__(42)
No, currently using contingency funds __16%__(43)
Special tax assessments __3%__(44)
No (other) _____0__(45)

10. From which of the following funding sources for uncompensated health care has your county experienced decreases in the last two years? (*Check all that apply*)

Federal Medicaid funds__27%__(46)
Federal DSH funds __43%__(47)
Federal S-chip Funds__7%__(48)
State Medicaid funds__47%__(49)
State DSH funds __40%__(50)
State S-chip funds __13%__(51)
County designated funds__10%__(52)
County general funds__33%__(53)

11. What is your best estimate of uncompensated health care expense increases for FY 2003?

\$10,000 to \$50,000 __13%__(54)
\$50, 000 to \$100,000 __10%__(55)
\$100, 000 to \$250,000 __7%__(56)
\$250, 000 to \$500,000 __13%__(57)
\$500,000 to \$750,000 __7%__(58)
\$750,000 to \$1 million __20%__(59)
\$1 million to \$5 million __23%__(60)
More than \$5 million __0__(61)

12. How does your county provide health care services to the uninsured? (*Check all that apply*)

County public hospital__22%__(62)
Contract with private hospitals__24%__(63)
County run health care clinic__49%__(64)
Privately run health care clinics__26%__(65)
Other_____ (66)

13. Which of the following services have experienced the largest increase in demand in uncompensated care in the last five years? (*Rank in order of demand*)

Treatment of routine health issues in Emergency Room setting _____(67)
Emergency room/ Trauma Care (other than ob/gyn)____(68)
Delivery/Obstetrics____(69)
Prenatal Care _____(70)

Pediatric care____(71)
 Surgical services ____ (72)
 Chemotherapy/Oncology services ____ (73)
 HIV/Aids services ____ (74)
 Prescription drugs ____ (75)
 Preventive health care____ (76)
 Other_____ (77)

14. In your best estimate, what percentage of care sought in public emergency rooms/trauma centers in your county is for non emergency treatment?

Only 25 counties responded to this question

Less than 5 percent __2%__ (78)
 5 to 10 percent __2%__ (79)
 10 to 20 percent __12%__ (80)
 20 to 50 percent __22%__ (81)
 50 to 75 percent __8%__ (82)
 More than 75 percent __2%__ (83)

Thank you for your assistance.

Thank you for completing this survey. If your county has ordinances, best practices or other information about how it provides health care services, or finances these services, that you want to share with other counties across the nation, please fax them to 202-737-0480 or send them to jbyers @naco.org. If not completed on the Internet, survey responses can be faxed to NACo's Research Division at **202-737-0480**. You can also mail this information along with the survey response to **NACo's Research Division, 440 First Street, NW, Washington, DC 20001**.

Responses due by January 10, 2003